

**AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
SCHOOL DISTRICT OF THE  
TOWNSHIP OF WEST MILFORD  
COUNTY OF PASSAIC, NEW JERSEY  
JUNE 30, 2015**

**SCHOOL DISTRICT OF THE TOWNSHIP OF WEST MILFORD**  
**COUNTY OF PASSAIC, NEW JERSEY**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS**  
**- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## REPORT OF INDEPENDENT AUDITORS

Honorable President and  
Members of the Board of Education  
Township of West Milford School District  
County of Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of West Milford School District in the County of Passaic for the year ended June 30, 2015, and have issued our report thereon dated December 17, 2015.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Township of West Milford Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



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Pompton Lakes, New Jersey

December 17, 2015

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2015**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

**Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Barbara Francisco	Board Secretary/School Business Administrator	\$450,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Zurich Insurance Co. covering all other employees with multiple coverage of \$250,000.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in pupil costs in accordance with N.J.A.C. 6A:23A-17.1 (F)3.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certification or supporting documentation.

**Payroll Account**

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2015**

**Financial Planning, Accounting and Reporting (continued)**

Payroll Account (continued)

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies including health benefits premium withholding due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrators) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30<sup>th</sup> for goods not yet received or services not rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for priority and to determine that goods were received and services were rendered as of June 30, 2015.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The Board Secretary's records were in satisfactory condition.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2015**

**Financial Planning, Accounting and Reporting (continued)**

**Elementary and Secondary Education ACT (E.S.E.A.)/Improving America's School Act (I.A.S.A.) As Reauthorized by the No Child Left Behind Act of 2001.**

The E.S.E.A./N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II, and III of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

**Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for special projects indicated no areas of noncompliance.

**T.P.A.F. Reimbursement**

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for District employees who are members of the Teachers Pension and Annuity Fund.

**T.P.A.F. Reimbursement to the State for Federal Salary Expenditures**

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments be made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was received subsequent to the reimbursement and no exceptions were noted.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2015**

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term ‘competitive contracting’, which is defined as “the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received.” Also, subsection (aa) defines the term ‘concession’ to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a “Qualified Purchasing Agent” (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. “In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted.”

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agency) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

The results of our examination indicated that no individual payments, contracts, or agreements were made “for the performance of any work or the furnishing or hiring of any materials or supplies,” in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A.* 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contract or agreements for "Professional Services" per *N.J.S.A.* 18A:18A-5.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2015**

**School Food Service**

The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit, there were no major exceptions noted.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The operating results provision has been met.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. Meals claimed agreed with the meal count records.

Applications for free and reduced price meals were reviewed for completeness and accuracy, however, the following errors were found. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

U.S.D.A. Food Distribution Program food and/or commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G, of the CAFR.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2015**

**School Food Service (continued)**

**Finding 2015-01:**

In three (3) cases, applications classified as reduced should have been classified as free.

**Recommendation:**

That applications be reviewed for accuracy.

**Management Response:**

A second administrative assistant has been designated to assist with direct certification and lunch application reviews.

**Student Body/Athletic Account Activities**

The cash receipts and disbursement records were maintained in good order.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers and the information that was included on the workpapers was verified with the following exceptions:

The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

**Finding 2015-02**

The District did not have written procedures for the recording of student enrollment data.

**Recommendation:**

That the District maintain written procedures for the recording of student enrollment data.

**Management Response:**

Procedures will be outlined in writing in the future.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2015**

**Application for State School Aid (continued)**

**Finding 2015-03**

The District workpapers did not agree with the application by nine (9) on roll three year old preschool students, three (3) overstated low-income and by two (2) understated low-income students.

**Recommendation:**

That care be taken when completing the ASSA application.

**Management Response:**

A second administrative assistant has been designated to assist with the direct certifications and lunch application reviews.

**Finding 2015-04**

There were ten (10) errors with low-income classification. Three (3) students were classified as reduced when they should have been classified as free. Seven (7) students have low-income letters/applications dated after the October 15<sup>th</sup> deadline.

**Recommendation:**

That free and reduced applications be reviewed for accuracy and that low-income letters/applications be received prior to the October 15<sup>th</sup> deadline.

**Management Response:**

A second administrative assistant has been designated to assist with the direct certifications and lunch application reviews.

**Extraordinary Aid Application**

**Finding 2015-05:**

One student classified as extended school year on the application did not have the extended school year in their individualized education program.

**Recommendation:**

That care be taken when filling out the extraordinary aid application so that only eligible students are included.

**Managements Response:**

ESY contracts will be checked against purchase orders and payments in the future.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2015**

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with the following exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

**Finding 2015-06:**

The Districts DRTRS did not agree with the County DRTRS by nine (9) regular education students, twenty-seven (27) overstated regular special education students and twenty-seven (27) understated special education with special needs students, two (2) aid-in-lieu students, four (4) courtesy elementary students. Additionally there was a difference in the average home-to-school mileage for category A and B of the DRTRS report.

**Recommendation:**

That care be taken to ensure that the District's DRTRS report agrees with the County DRTRS report.

**Managements Response:**

Categories will be cross-checked for accuracy.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2015**

**Follow-up on Prior Years' Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on all prior year audit findings, with the exception of the following which is repeated in this years recommendation, noted as current year finding 2015-6.

- That care be taken when completing the ASSA application.

**Acknowledgment**

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.



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*Certified Public Accountants*

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM**  
**ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (Regular Rate)	Paid	175,814	54,285	54,285	-	0.28	-
	Reduced	15,251	4,516	3,976	(540)	2.58	(1,393.20)
	Free	55,459	17,360	17,900	540	2.98	1,609.20
	<b>Total</b>	<b>246,524</b>	<b>76,161</b>	<b>76,161</b>	<b>-</b>		<b>216.00</b>
School Breakfast (Regular Rate)	Paid	458	136	136	-	0.28	-
	Reduced	137	51	51	-	1.32	-
	Free	6,016	1,878	1,878	-	1.62	-
	<b>Total</b>	<b>6,611</b>	<b>2,065</b>	<b>2,065</b>	<b>-</b>		<b>-</b>
Total Net Overclaim							<b>\$ 216.00</b>

**SCHEDULE OF MEAL COUNT ACTIVITY**

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL**  
**ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (Regular Rate)	Paid	175,814	54,285	54,285	-	0.28	-
	Reduced	15,251	4,516	3,976	(540)	2.58	(1,393.20)
	Free	55,459	17,360	17,900	540	2.98	1,609.20
	<b>Total</b>	<b>246,524</b>	<b>76,161</b>	<b>76,161</b>	<b>-</b>		<b>216.00</b>
School Breakfast (Regular Rate)	Paid	458	136	136	-	0.28	-
	Reduced	137	51	51	-	1.32	-
	Free	6,016	1,878	1,878	-	1.62	-
	<b>Total</b>	<b>6,611</b>	<b>2,065</b>	<b>2,065</b>	<b>-</b>		<b>-</b>
Total Net (Over) / Under Claim							<b>\$ 216.00</b>

**SCHEDULE OF NET CASH RESOURCES**  
**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT**  
**FOOD SERVICE FUND**  
**AVERAGE 3 MONTH EXPENDITURES TO NET CASH RESOURCES**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Cash Balance - June 30, 2014		35,240
Add:		
Subsidy Reimbursement Receivable:		
State	1,330	
Federal	<u>26,110</u>	
		27,440
Other Accounts Receivable		
Less:		
Accounts Payable	23,015	
Interfund - General Fund	<u>51,030</u>	
		<u>74,046</u>
Net Cash Resources		<u><u>136,726</u></u>
Total Expenditures		1,237,684
Divided By 10 Months		123,768
Multiplied By 3		371,305
Average 3 Months Exp.		<u><u>371,305</u></u>

SCHEDULE OF AUDITED ENROLLMENTS

**WEST MILFORD SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014**

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registrars On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Share	Full	Shared	Full	Shared					
Half Day Preschool-3YR	16		7		9			16		7			9				
Half Day Preschool-4YR	3		3					3		3							
Full Day Kindergarten	218		218					218		218							
One	251		251					251		251							
Two	222		222					222		222							
Three	225		225					225		225							
Four	220		220					220		220							
Five	217		217					217		217							
Six	206		206					206		206							
Seven	209		209					209		209							
Eight	241		241					241		241							
Nine	223		223					223		223							
Ten	218		218					218		218							
Eleven	256		256					256		256							
Twelve	236		236					236		236							
Subtotal	2961	0	2952	0	9	0	2961	0	2952	0	9	0	0	0	0	0	0
Special Ed - Elementary	220		220				67		67				32	24	24	0	0
Special Ed - Middle School	189		189				57		57				13	10	10	0	0
Special Ed - High School	239	3	239	3			73		73				18	14	14	0	0
Subtotal	648	3	648	3	0	0	197	0	197	0	0	0	63	48	48	0	0
Total	3609	3	3600	3	9	0	3158	0	3149	0	9	0	63	48	48	0	0
Percent Error					<u>0.25%</u>	<u>0.00%</u>					<u>0.28%</u>	<u>0.00%</u>				<u>0%</u>	

SCHEDULE OF AUDITED ENROLLMENTS

**WEST MILFORD SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014**

Enrollment Category	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error
Half Day Preschool												
Full Day Kindergarten	25	25		10	6	4						
One	28	28		10	9	1	3	3		3	3	
Two	31	31		12	12		2	2		2	2	
Three	18	19	(1)	7	7							
Four	38	37	1	15	13	2						
Five	30	30		12	12							
Six	23	23		9	8	1						
Seven	26	26		10	10							
Eight	29	29		11	11							
Nine	28	28		11	11							
Ten	26	26		10	10							
Eleven	23	23		9	9							
Twelve	22	22		9	8	1						
Subtotal	347	347	0	135	126	9	5	5		5	5	
Special Ed - Elementary	65	65		25	25		1	1		1	1	
Special Ed - Middle School	46	48	(2)	19	19		2	2		2	2	
Special Ed - High School	47	46	1	18	17	1						
Subtotal	158	159	(1)	62	61	1	3	3	0	3	3	0
Total	505	506	(1)	197	187	10	8	8	0	8	8	0
Percent Error			<u>-0.20%</u>			<u>5.08%</u>			<u>0%</u>			<u>0%</u>

SCHEDULE OF AUDITED ENROLLMENTS

**WEST MILFORD SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2014**

<u>Enrollment Category</u>	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Error</u>
Half Day Preschool						
Full Day Kindergarten	2	2		2	2	
One	1	1		1	1	
Two						
Three						
Four						
Five						
Six						
Seven	1	1		1	1	
Eight	1	1		1	1	
Nine						
Ten	1	1		1	1	
Eleven						
Twelve						
Subtotal	6	6	0	6	6	0
Special Ed - Elementary	1	1		1	1	
Special Ed - Middle School						
Special Ed - High School						
Subtotal	1	1	0	1	1	0
Total	7	7	0	7	7	0
Percent Error			0%			0%

	<u>Reported on DRTRS by DOE/county</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Regular - Public Schools, col. 1	1,863	1,854	9	279	279	
Regular - SpEd, col. 4	632	659	(27)	197	197	
Transported - Non-Public, col. 3	61	61		47	47	
Special Ed Spec, col. 6	95	68	27	52	51	1
Totals	2,651	2,642	9	575	574	1
Percentage Error			0.34%			0.17%

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT

SECTION 1

**A. 2% Calculation of Excess Surplus**

2014-15 Total General Fund Expenditures per the CAFR, Ex.C-1	\$	<u>74,379,379.19</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u>670,113.00</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u>850,000.00</u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	<u>                    </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u>                    </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>6,143,578.23</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u>330,169.21</u>	(B2b)
Adjusted 14-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$	<u>69,425,744.75</u>	(B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	\$	<u>1,388,514.90</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>1,388,514.90</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>61,014.00</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$	<u><u>1,449,528.90</u></u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-15 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>9,358,742.25</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>360,026.84</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u>                    </u>	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>2,006,200.00</u>	(C3)
Other Restricted Fund Balances****	\$	<u>2,065,965.36</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>493,800.00</u>	(C5)
Assigned Fund Balance ARRA/SEMI - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>25,906.85</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u><u>4,406,843.20</u></u>	(U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 2,957,314.30 (E)

**Recapitulation of Excess Surplus as of June 30, 2015**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>2,006,200.00</u>	(C3)
Reserved Excess Surplus ***[(E)]	\$ <u>2,957,314.30</u>	(E)
Total Excess Surplus [(C3) + (E)]	\$ <u>4,963,514.30</u>	(D)

**Footnotes:**

- \* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
  - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
  - (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
  - (J1) Extraordinary Aid;
  - (J2) Additional Nonpublic School Transportation Aid;
  - (J3) Recognized current year School Bus Advertising Revenue; and
  - (J4) Family Crisis Transportation Aid.

**Detail of Allowable Adjustments**

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ _____	(J1)
Additional Nonpublic School Transportation Aid	\$ <u>61,014.00</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crises Transportation Aid	\$ _____	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$ <u>61,014.00</u>	(K)

- \*\* This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- \*\*\* Amount must agree to the June 30, 2015 CAFR and must agree to Audit Summary Worksheet Line 90030.
- \*\*\*\* Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/Lease-back reserve	\$ _____
Capital reserve	\$ <u>1,865,965.36</u>
Maintenance reserve	\$ <u>200,000.00</u>
Emergency reserve	\$ _____
Tuition reserve	\$ _____
School Bus Advertising 50% Fuel Offset Reserve-Current Year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve-Prior Year	\$ _____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____
Impact Aid General Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
[Other Restricted Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>2,065,965.36</u> (C4)